

LEASE

THIS LEASE, made and entered into in Portland, Oregon, this 1st day of July, 1967 by and between THE CITY OF PORTLAND, OREGON, a municipal corporation organized and existing under the laws of the State of Oregon, acting by and through its The Commission of Public Docks, called "Lessor", and BOISE CASCADE CORPORATION, a Delaware corporation, authorized and doing business in the State of Oregon, called "Lessee".

WITNESSETH:

For and in consideration of the agreements and covenants herein set forth to be kept and performed by the parties hereto, the Lessor and Lessee agree as follows:

1. Property:

Lessor leases, demises and lets to Lessee Houses 6 and 7, Pier 1, Terminal 4 consisting of approximately 49,300 square feet of warehouse space, including 600 square feet of office space (hereinafter referred to as the "Premises") the location and extent of which is more particularly illustrated in Exhibit A which is attached hereto and by this reference made a part hereof, the leased area being outlined in red.

2. Term:

This Lease shall commence on the date of Lessee's occupancy but no later than July 1, 1967 and shall continue for a period of six months. In the event that Lessee gives Lessor notice not later than thirty days prior to the expiration of the Lease, it may be extended subject to the terms and conditions hereof for an additional period of six months.

3. Improvements:

The Lessor shall forthwith construct and prepare the following improvements to the Premises:

(a) Clean up and paint the small office in the northeast corner of the House No. 7.

(b) Cut a 10-foot by 17-foot doorway through the north wall and install an overhead folding door - House No. 7.

(c) Construct a wooden "I" tailgate dock of 20 feet by 40 feet dimensions extending outward from the new 17-foot door - House No. 7.

(d) Grade and stabilize approximately 21,000 feet of the Lessor's premises adjacent to the "I" dock area.

(e) Provide adequate lighting to the dock area.

(f) Heat facilities provided for office.

(g) Toilet facilities to be reactivated in toilet located on south side of House No. 7, including hot water service.

added (Total cost of the above improvements and alterations to be \$9,454.00 and Lessee shall reimburse Lessor the cost of same as provided in Paragraph 4 herein contained.

4. Rental:

added The monthly rental during the first six months of this Lease shall be the sum of \$986.00 in addition to one-sixth of the total cost to the Lessor (not to exceed \$9,454.00) of the improvements and alterations described in Paragraph 3 above. If the Lessee elects to extend the term of the Lease for an additional period of six months, the monthly rental during such six-month period shall be the sum of \$986.00. The first month's rental shall be paid in advance on the first day of the term of this Lease and each subsequent month's rental shall be paid on the same day of each succeeding month thereafter during the term of this Lease and any extensions of the term of this Lease.

5. Utilities, Taxes and Maintenance.

The Lessor shall be responsible for the payment of all real property

taxes assessed against the Premises and all utilities used or consumed in or on the leased Premises. All personal property taxes assessed against the Lessee shall be paid by it. Lessor shall maintain the Premises in the condition they now exist except to the extent improved in accordance with Paragraph 3 hereof; provided, however, that Lessee shall be responsible for the repair and restoration of the Premises required as a result of any damage thereto resulting from the negligence of the Lessor, its agents, employees, invitees, and licensees.

Neither the Lessor nor the Lessee shall be liable to the other for damage to the property of the other which results from direct loss by fire, lightning, windstorm, hail, explosion, riot, attending a strike, civil commotion, aircraft, vehicles, and smoke and/or damage caused by removal of such property from the premises endangered by said perils, as such perils are defined in insurance policies then in force, even though such resulting damage may be due to the negligent act or neglect of either the Lessor or the Lessee, their agents or employees.

6. Lessee's Operation:

All labor costs incurred in the operation of the premises will be borne by the Lessee.

7. Use of the Premises:

Lessee shall use the Premises for all lawful purposes in connection with waterborne commerce. Lessee shall not store or handle any explosives or highly inflammable cargo in the Premises. Lessee, in its operation in Houses 6 and 7, shall limit floor loading to 300 pounds per square foot with the exception of pulp which may be loaded up to a maximum of 400 pounds per square foot upon clearance from Lessor. Lessee shall make no additions, alterations, or modifications of the Premises without first obtaining the Lessor's written consent thereto and Lessor's

consent shall not be unreasonably withheld. Title to any such improvements or alterations so made shall, upon the termination of the lease, vest in the Lessor or, at its option, Lessor may require their removal by Lessee.

8. Indemnification:

Lessee agrees to indemnify and hold harmless Lessor, its officers, employees and agents from and against any and all loss, liability, damage, claims, demands and actions for bodily injury, including death, or damage to property, caused by the negligence of Lessee, its officers, employees or agents, invitees or licensees. The Lessee shall maintain public liability insurance, naming Lessor as an additional insured with limits of \$100,000.00 for personal injuries to one individual, \$300,000.00 for personal injury arising from a single occurrence, and \$200,000.00 for property damage arising from a single occurrence and shall, upon the Lessor's request furnish the Lessor with a certificate evidencing such coverage or with a copy of such policy.

9. Waiver of Subrogation:

Under the existing fire and extended coverage insurance policies of the Lessor and Lessee, each has the right and privilege to waive subrogation rights of the underwriters on said policies. Lessor and Lessee each covenant and agree that so long as said privilege of waiver provision is in force in said policies, it shall, and does, waive said subrogation right and privilege against the other with respect to any peril insured against under such fire and extended coverage insurance.

10. Right of Inspection:

Lessor, its employees and agents shall have the right of entry into the Premises at reasonable times upon reasonable notice for purposes of inspection of the Premises and maintaining the same in accordance herewith. Lessor shall not be liable to Lessee for any interference with Lessee's operations resulting from Lessor's maintenance activities.

11. Assignment:

added [
This Lease is personal to the Lessee and shall not be assigned nor shall the Premises be sublet or permitted to be occupied by any other person or firm without the prior written consent of the Lessor, *]* which consent shall not be unreasonably withheld. *]*

12. Condition of the Premises:

Except for the alterations and improvements to be performed by the Lessor as provided in Paragraph 3, Lessor makes no warranty whatever as to the condition of the Premises and Lessee accepts the Premises in their present condition subject to such alteration.

13. Damage or Destruction of the Premises:

In the event the Premises are damaged by fire, explosion or casualty or any other cause of destruction to the extent of 25% or more of the replacement value thereof, at the date of such damage, this Lease may be terminated by either party at its option as of the date of said damage within ten days of the occurrence of such fire, explosion, casualty or other destruction. If this Lease is not so cancelled it shall remain in full force and effect.

14. Quitting the Premises:

changed [
At the expiration of this Lease and any extension thereof, Lessee will quit and deliver up the Premises to the Lessor peaceably and quietly and in as good order and condition as the same are now or may hereafter be placed except for damage or deterioration resulting from ordinary wear and tear, the elements or casualties not solely and proximately caused by the negligence of the Lessee.


PROVIDED ALWAYS, and this Lease is upon the express condition (anything hereinbefore contained to the contrary notwithstanding), that if any rental payments due Lessor under this lease shall not be paid when due and shall remain unpaid for more than ten days following notice from Lessor that

changed

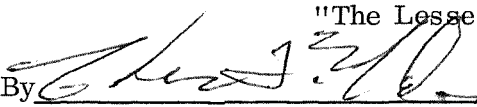
such payments are due and unpaid or if any other of said Lessee's covenants or agreements herein contained are broken or failed or neglected to be done or performed or kept by it and such default shall continue for a period of 30 days after written notice thereof by the Lessor without the same being cured by the Lessee, then, and in such cases, Lessor may at its option immediately and without further notice or demand, enter into or upon the Premises described herein and/or take over the Premises, or any part thereof, in the name of the whole, and repossess and retake the same as of its former estate and ownership and expel Lessee and those claiming through, under or by it, and remove Lessee's effects without being taken or deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be available for failure to make rental payments as provided for herein or other failures of Lessee to perform its obligations hereunder and in such event, Lessee will on demand pay Lessor such reasonable sums as the Lessor may be compelled to expend for expenses, (including reasonable attorneys' fees), in enforcing any of the covenants and agreements contained herein.


IN WITNESS WHEREOF, the parties hereto have caused this lease to be executed the day and year first above written.

THE CITY OF PORTLAND, OREGON
acting by and through its
THE COMMISSION OF PUBLIC DOCKS
"The Lessor"

By 
Assistant Secretary

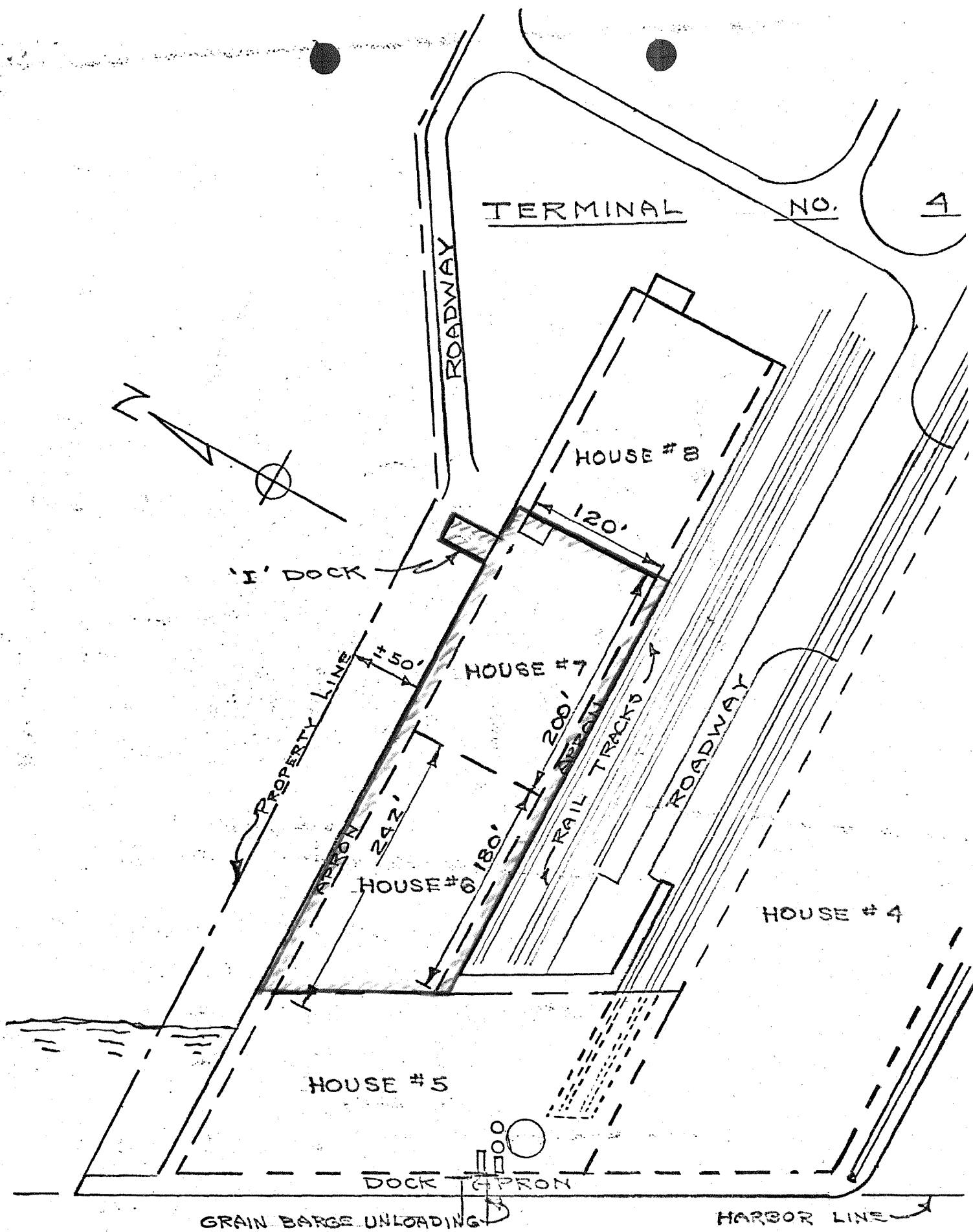
BOISE CASCADE CORPORATION
"The Lessee"

By 
Vice President

By 
Assistant Secretary

*approved as to form:
Wicks, Sutcliffe & Gilchrist
by [signature]*

*OK
CWIT*



WILLAMETTE RIVER

EXHIBIT 'A'